

VOTE SHEET

NOVEMBER 3, 1998

RE: DOCKET NO. 980441-WS - Application for staff-assisted rate case in Polk County by Orchid Springs Development Corp. Water & Sewer.

Issue 1: Is the Quality of Service provided by Orchid Springs Development Corp. Water & Sewer to its customers satisfactory?

Recommendation: Yes. The quality of service provided by Orchid Springs Development Corp. Water & Sewer to its customers is satisfactory.

**APPROVED**

Issue 2: Should there be an adjustment to rate base or expenses due to the wastewater treatment plant being oversized?

Recommendation: No.

**APPROVED**

COMMISSIONERS ASSIGNED: Full Commission

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

*E. L. ...*  
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*Susan ...*  
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REMARKS/DISSENTING COMMENTS:

DOCUMENT NUMBER-DATE

12328 NOV-4 88

FPSC-RECORDS/REPORTING

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Issue 3: What should be the Used and Useful percentage for the water and the wastewater systems?

Recommendation: The water treatment and distribution system and wastewater treatment and collection system should be considered 100% used and useful.

**APPROVED**

Issue 4: Does the Utility have excessive unaccounted for water?

Recommendation: No. At this time there is no evidence of excessive unaccounted for water.

**APPROVED**

Issue 5: Does the Utility have excessive infiltration/inflow (I&I) in the wastewater collection system?

Recommendation: No. There is no evidence of an inflow or infiltration problem in the collection system.

**APPROVED**

Issue 6: Should a margin reserve be granted?

Recommendation: No. A margin reserve was not requested.

**APPROVED**

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Issue 7: Does the utility own the land on which its water and wastewater systems are located and, if so, what is the appropriate value for each system?

Recommendation: Yes, the utility, through its parent company, owns the land on which its water and wastewater systems are located. The estimated land value is \$480 for water and \$58,860 for wastewater. If the utility can provide proof that staff's estimated land value is less than the original cost of land when first dedicated to utility service, it should be allowed to adjust land value in a future rate case.

**APPROVED**

Issue 8: What is the average test year rate base for this utility?

Recommendation: The average test year rate base is \$44,711 for water and \$163,565 for wastewater.

✓ 163,170

**MODIFIED**

Issue 8: What is the average test year rate base for this utility?

Recommendation: The average test year rate base is \$44,711 for water and \$163,565 for wastewater.

163,770

**MODIFIED**

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Issue 9: What is the appropriate rate of return on equity and the appropriate overall rate of return for the utility?

Recommendation: The appropriate return on equity is 8.74% with a range of 7.74% - 9.74%, and the appropriate overall rate of return is 8.84% with a range of 8.01% to 9.68%.

**APPROVED**

Issue 10: What are the appropriate test year revenue for each system?

Recommendation: The appropriate test year revenue should be \$48,519 for water and \$95,852 for wastewater.

**APPROVED**

Issue 11: What are the appropriate amounts for operating expense for each system?

Recommendation: The appropriate amounts for operating expense should be \$72,203 for water and ~~\$97,518~~ for wastewater.

99,236

**MODIFIED**

Issue 12: What is the appropriate revenue requirement?

Recommendation: The appropriate revenue requirement is \$76,157 for water and ~~\$111,985~~ for wastewater.

113,721

**MODIFIED**

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Issue 13: What is the appropriate conservation rate structure for this utility?

Recommendation: The appropriate conservation rate structure for the water customers is a continuation of the current base facility and gallonage charge rate structure. Currently, the wastewater customers are being charged a flat rate. Therefore, it is recommended that the base facility and gallonage charge be implemented for the wastewater customers as well.

**APPROVED**

Issue 14: What is the appropriate residential gallonage cap for wastewater service?

Recommendation: The appropriate residential gallonage cap for wastewater service should be 10,000 gallons for residential customers only using the base facility charge rate structure at this time. If usage changes, this gallonage cap will be re-examined in the next rate case.

**APPROVED**

Issue 15: Is repression of consumption likely to occur in this instance, and, if so, what are the appropriate consumption adjustments?

Recommendation: Yes, repression of consumption is likely to occur in this instance. The appropriate consumption adjustments are reductions of 1,935,220 gallons for the water system and 1,810,340 gallons for the wastewater system.

**APPROVED**

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\$ 113,121

Issue 16: What are the recommended rates for this utility?

Recommendation: The recommended rates should be designed to produce revenue of \$76,157 for water and ~~\$111,985~~ for wastewater using the base facility charge rate structure. The approved rates should be effective for service rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), Florida Administrative Code, provided the customers have received notice. The rates may not be implemented until proper notice has been received by the customers. The utility should provide proof of the date notice was given within 10 days after the date of the notice.

**MODIFIED**

Issue 17: What is the appropriate amount by which rates should be reduced four years after the established effective date to reflect the removal of the amortized rate case expense required by Section 367.0816, Florida Statutes?

Recommendation: The water and wastewater rates should be reduced as shown on Schedules 4 and 4A of staff's October 22, 1998 memorandum, to remove rate case expense grossed up for regulatory assessment fees and amortized over a four-year period. The decrease in rates should become effective immediately following the expiration of the four-year rate case expense recovery period, pursuant to Section 367.0816, Florida Statutes. The utility should be required to file revised tariffs and a proposed customer notice setting forth the lower rates and the reason for the reduction no later than one month prior to the actual date of the required rate reduction.

**APPROVED**

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Issue 18: What are the appropriate customer deposits for this utility?

Recommendation: The appropriate customer deposits should be the recommended charges specified in the analysis portion of staff's memorandum. The utility should file revised tariff sheets which are consistent with the Commission's vote. Staff should be given administrative authority to approve the revised tariff sheets upon staff's verification that the tariffs are consistent with the Commission's decision. If revised tariff sheets are filed and approved, the customer deposits should become effective for connections made on or after the stamped approval date of the revised tariff sheets, if no protest is filed.

**APPROVED**

Issue 19: Should the utility be authorized to collect miscellaneous charges and, if so, what are the appropriate charges?

Recommendation: Yes. The utility should be authorized to collect miscellaneous service charges and the appropriate charges should be the recommended charges specified in the staff analysis. The utility should file revised tariff sheets which are consistent with the Commission's vote. Staff should be given administrative authority to approve the revised tariff sheets upon staff's verification that the tariffs are consistent with the Commission's decision. If revised tariff sheets are filed and approved, the miscellaneous service charges should become effective for connections made on or after the stamped approval date of the revised tariff sheets, if no protest is filed.

**APPROVED**

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Issue 20: Should the utility be ordered to show cause, in writing, within 21 days, why it should not be fined for violation of Rule 25-30.115, Florida Administrative Code?

Recommendation: No. A show cause proceeding should not be initiated. However, the utility should be required to maintain its books and records in conformity with NARUC USOA and should be required to submit a statement from its accountant by March 31, 1999, along with its 1998 annual report, stating that its books are in conformity with NARUC USOA and have been reconciled with the Commission's order.

**APPROVED**

Issue 21: What are the appropriate billing procedures and billing format for this utility?

Recommendation: The utility should follow the guidelines of Rule 25-30.335, Florida Administrative Code, for billing procedures. The utility should bill its customers of record on a separate bill that lists the utility's name and charges for utility services only. The utility should also be placed on notice that non-payment for non-utility services will not result in discontinuance of water and/or wastewater service.

**APPROVED**



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Issue 22: Should the recommended rates be approved for the utility on a temporary basis, subject to refund, in the event of a protest filed by a party other than the utility?

Recommendation: Yes. The recommended rates should be approved for the utility on a temporary basis, subject to refund, in the event of a protest filed by a party other than the utility. If the recommended rates are approved on a temporary basis, the rates collected by the utility shall be subject to the refund provisions discussed in the staff analysis. In addition, after the increased rates are in effect, pursuant to Rule 25-30.360(6), Florida Administrative Code, the utility should file reports with the Division of Water and Wastewater no later than 20 days after each monthly billing. These reports should indicate the amount of revenue collected under the increased rates.

**APPROVED**

Issue 23: Should this docket be closed?

Recommendation: No. Upon expiration of the protest period, this docket should remain open for 15 months from the date of the Commission's vote to allow staff to verify completion of pro forma plant improvements.

**APPROVED**